

Message Text

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22

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01

PRS-01 SAJ-01 AGR-05 AGRE-00 /088 W

----- 018446

R 071636Z SEP 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 8417

INFO AMCONSUL LENINGRAD

USMISSION NATO

USDA WASHDC

USDOC WASHDC

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EGEN, ECON, EAGR, UR

SUBJ: BREZHNEV WAXES CAUTIOUSLY OPTIMISTIC ON THE ECONOMY AND
AGRICULTURE

REF: TOFAS 347

1. SUMMARY: GENERAL SECRETARY BREZHNEV'S SPEECH IN ALMA-ATA ON
SEPTEMBER 3 WAS DESIGNED TO CONVINCE PEOPLE THAT THE SOVIET ECONO-
MY IS WEATHERING THE "SHOCK" OF THE VERY POOR 1975 GRAIN HARVEST
AND THAT IN GENERAL THIS YEAR IS ONE OF GOOD RECOVERY. HE POINTED
TO SEVEN-MONTH INDUSTRIAL PRODUCTION RESULTS WHICH ARE SOMEWHAT
ABOVE PLAN TARGETS AND TO "NOT BAD" OVERALL PROSPECTS FOR THIS YEAR'S
GRAIN, SUGAR BEET, COTTON AND SUNFLOWER HARVESTS. BREZHNEV DID NOT,
HOWEVER, GIVE NUMERICAL CROP ESTIMATES. MUCH OF THE SPEECH WAS TAK-
EN UP WITH ELUCIDATING - PROMOTING THE MAIN POINTS OF THE PARTY'S
AGRICULTURE POLICY IN THE CONTEXT OF KAZAKHSTAN. OF PARTICULAR
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NOTE, HOWEVER, WAS BREZHNEV'S FRANK ADMISSION THAT MEAT AND MILK

PRODUCTION ARE STILL BELOW 1975 LEVELS AND THAT INCREASED OUTPUT IS "EXTREMELY NECESSARY" TO ALLEVIATE CURRENT "INTERRUPTIONS" IN THE SUPPLY OF MEAT AND MEAT PRODUCTS IN SOME LOCALITIES. ALSO KAZAKHSTAN PARTY FIRST SECRETARY KUNAYEV HAS SAID THAT THE KAZAKHSTAN GRAIN HARVEST COULD BE MORE THAN 27 MILLION TONS. END SUMMARY.

2. GENERAL SECRETARY BREZHNEV ADDRESSED A CONFERENCE OF PARTY-ECONOMIC OFFICIALS ON SEPTEMBER 3 IN ALMA-ATA DURING WHICH HE SOUGHT TO SHOW THAT THE SOVIET ECONOMY IS BASICALLY HEALTHY AND IN THE MIDST OF RECOVERY FROM LAST YEAR'S VERY POOR HARVEST. HIS SPEECH DEALT MAINLY WITH AGRICULTURAL-ECONOMIC CONDITIONS IN KAZAKHSTAN, BUT ALSO CONTAINED SEVERAL INTERESTING GENERAL POINTS WHICH ARE NOTED BELOW.

3. INDUSTRIAL PRODUCTION. BREZHNEV BEGAN BY RECITING PREVIOUSLY PUBLISHED DATA WHICH SHOW THAT FOR THE FIRST 7 MONTHS OF 1976, INDUSTRIAL PRODUCTION INCREASED BY ABOUT 5 PERCENT AS COMPARED TO 4.3 PERCENT SET IN THE 1976 PLAN, LABOR PRODUCTIVITY ROSE BY 3.3 PERCENT, CONSUMER GOODS OUTPUT INCREASED BY 3.4 PERCENT COMPARED TO 2.7 PERCENT IN THE PLAN, AND QUALITY INDICES PROVED "SOMEWHAT." BEST INDUSTRIAL PERFORMERS WERE FUELS, METALS, ELECTRIC POWER, CHEMICAL INDUSTRY AND MACHINE BUILDING. ACCORDING TO BREZHNEV, 1976 PLAN OBJECTIVES IN INDUSTRY ARE VERY LIKELY TO BE "OVERFULFILLED." THE PRINCIPAL PROBLEM AREA NOTED WAS THAT QUALITY AND EFFICIENCY IN PRODUCTION ARE "FAR FROM EVERYWHERE" BEING GIVEN PRIORITY.

4. AGRICULTURE. NOTING THE "COMPLICATIONS" FACED BY AGRICULTURE DUE TO POOR WEATHER DURING THE NINTH FIVE YEAR PLAN (1971-75), AND ESPECIALLY LAST YEAR, BREZHNEV SAID THAT NONETHELESS, "WE WERE ABLE TO ENSURE A NORMAL RHYTHM OF DEVELOPMENT OF THE COUNTRY." THIS YEAR, HE WENT ON, "LARGE LOSSES" IN LIVESTOCK WERE PREVENTED THROUGH TREMENDOUS EXERTION AND EFFORT AND THE IMPLEMENTATION OF MANY "SERIOUS MEASURES." NOW THERE ARE MORE BEEF AND DAIRY CATTLE THAN LAST YEAR AND THE NUMBER OF COWS HAS INCREASED. MATTERS ARE BEGING "CORRECTED" IN POULTRY, SHEEP AND PIG BREEDING.

5. RETURNING AGAIN TO MEAT AND MILK PRODUCTION, BREZHNEV SAID THAT CURRENT OUTPUT IS STILL BELOW 1975 LEVELS BUT THAT THERE LIMITED OFFICIAL USE

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IS CONFIDENCE THAT IMPROVEMENTS WILL COME BY THE END OF THIS YEAR. IN A FRANK ADMISSION, HE THEN STATED THAT BETTER PERFORMANCE IS "EXTREMELY NECESSARY" SINCE IN A NUMBER OF PLACES THERE HAVE BEEN "INTERRUPTIONS" IN THE SUPPLY OF MEAT AND OTHER MEAT PRODUCTS TO THE POPULATIONS.

6. LOOKING TO THE HARVEST, BREZHNEV TOOK NOTE OF SPECIAL CENTRAL COMMITTEE MEASURES TO MOBILIZE EXTRA LABOR AND

MACHINERY FOR THE HARVEST. THIS YEAR, HE ADDED, SPRING CAME LATE AND SUMMER WAS COLDER THAN USUAL. THE WEATHER CREATED "MANY PROBLEMS" BUT NONETHELESS, HALF THE GRAIN CROPS HAVE NOW BEEN HARVESTED. WHILE ABJURING NUMERICAL ESTIMATES, BREZHNEV SAID, BASED ON LOCAL REPORTS, THE HARVEST OF GRAIN, SUGAR BEETS, SUNFLOWER, AND COTTON ARE EXPECTED TO BE "NOT BAD" (NEPLOKHOY). THE GRAIN CROP, HE ADDED, "MAKES US GLAD" AND SHOWS THAT THE COUNTRY WILL HAVE ENOUGH GRAIN THIS YEAR. HE CALLED FOR AN ALL-OUT EFFORT TO COMPLETE THE HARVEST AND TO OVERCOME THE EFFECTS OF THE HEAVY RAINS AND INADEQUATE PREPARATION OF GRAIN STORAGE AND DRYING FACILITIES.

7. THE REMAINDER OF THE SPEECH DEALT WITH SPECIFIC CONDITIONS IN KAZAKHSTAN AND CENTERED ON AN ELUCIDATION AND PROMOTION OF THE BASIC ELEMENTS IN THE PARTY'S AGRICULTURAL POLICY: INCREASED INVESTMENT, MECHANIZATION, CHEMICALIZATION, IRRIGATION AND LAND IMPROVMENT, AND PRODUCTION SPECIALIZATION AND STATE FARM-COLLECTIVE FARM AMALGAMATION.

8. KAZAKHSTAN PARTY FIRST SECRETARY KUNAYEV'S SPEECH AT THE SAME MEETING CONTAINED THE STATEMENT THAT THE KAZAKHSTAN GRAIN HARVEST COULD BE MORE THAN 27 MILLION TONS. THE TASS ENGLISH-LANGUAGE VERSION CARRIED THIS POINT BUT IT WAS NOT INCLUDED IN THE CENTRAL PRESS VERSION PUBLISHED SEPTEMBER 4, SUGGESTING A DESIRE NOT TO MAKE THIS ESTIMATE FORMAL AT THIS TIME. IT WAS, HOWEVER, CARRIED IN THE KAZAKHSTAN LOCAL PRESS.

9. COMMENT: THE BREZHNEV SPEECH, WHILE NOT BREAKING ANY NEW GROUND, WAS CLEARLY DESIGNED TO REASSURE THAT 1976 IS A YEAR OF RECOVERY AFTER LAST YEAR'S POOR HARVEST AND WEAK OVERALL ECONOMIC PERFORMANCE. THE OUTLOOK FOR THE KAZAKHSTAN GRAIN CROP IS CERTAINLY ONE OF THE BRIGHT SPOTS (SEE REFTEL NOTAL), BUT BREZHNEV'S DESCRIPTION OF THE CONTINUING POOR MEAT AND MILK LIMITED OFFICIAL USE

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SITUATION WILL NOT BE LOST ON THE AVERAGE CONSUMER. NOTE-WORTHY ALSO WAS HIS FAILURE TO MENTION POTATOES AND OTHER BASIC FOOD ROOT CROPS IN HIS LIST OF "NOT BAD" HARVEST PROSPECTS. ALTHOUGH SUCH REDUCED OUTPUT HAS BEEN ROUTINELY REPORTED IN THE CENTRAL PRESS ON A MONTH BASIS, THIS IS THE FIRST TOP POLICY-MAKING LEVEL ACKNOWLEDGMENT OF THIS YEAR'S POOR FOOD SITUATION, SO FAR AS WE ARE AWARE. IN ADDITION, GOSBANK CHAIRMAN TOLD US SEPTEMBER 7 THAT FRUIT SUPPLIES WERE ALSO DOWN THIS YEAR IN SOME REGIONS.

10. IN GENERAL, THE TONE OF THE SPEECH AND ITS UNDERCURRENTS OF URGENCY LEFT NO DOUBT THAT AGRICULTURE HAS BECOME A POLITICALLY SENSITIVE SUBJECT OF HIGH CONCERN TO THE SOVIET LEADERSHIP. BREAD AND OTHER FOOD PRODUCTS, BREZHNEV POINTED OUT, ARE "ONE OF THE MAIN INDICATORS OF THE WEALTH OF ANY NATION"

AND THE RESULTS IN THIS AREA "HAVE GREAT POLITICAL SIGNIFICANCE ON A TRULY NATIONAL SCALE."

11. IN INDUSTRY, IT DOES APPEAR THAT THE MODEST GOALS SET FOR 1976 WILL BE SOMEWHAT OVERFULFILLED, BUT BY BREZHNEV'S OWN ADMISSION, QUALITY AND EFFICIENCY ARE FAR FROM CATCHING HOLD AT THE ENTERPRISE LEVEL. WHILE HE DID NOT SAY SO, PROGRESS IN THIS AREA WILL LIKELY REMAIN UNEVEN AS LONG AS INCENTIVE SYSTEMS CONTINUE TO BE BASED ON GROSS OUTPUT INDICES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, ECONOMIC CONDITIONS, SPEECHES, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW14091
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760338-1007
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760986/aaaacvoa.tel
Line Count: 179
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ElyME>; APPROVED <08 SEP 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BREZHNEV WAXES CAUTIOUSLY OPTIMISTIC ON THE ECONOMY AND AGRICULTURE
TAGS: EGEN, ECON, EAGR, UR, (BREZHNEV, LEONID I)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006